



Leadership North Carolina Class 33 Duke Energy Economic Development Session

Case Study Exercise Scenario #2: Get a Room . . . and Some Art, Too!

Learning Team Assignments

Learning Teams 4 - 6

- Shockwaves
- The Rolling Scones
- The 6-Pack Beach Trail Dogs

The Goal

To provide participants with real world (or close to real world) examples of the public discourse, execution, & impact of economic development projects of various types. Participants will gain a greater understanding of how they as stakeholders and/or private residents can become engaged in the evaluation of the projects through their ability to ask the right questions or state viable concerns. They will also learn about metrics used to define success for communities – both traditional metrics and those that may be non-traditional but emerging as important factors in how economic developments are viewed.

The Situation

An iconic building sat in the middle of downtown in this community, one that was gaining development momentum in its urban case. New restaurants and retail locations were dotting downtown and even previously underdeveloped or decaying neighborhood corridors. But with all of this new energy, there sat this building, which unknown to many, was a replica of the Empire State Building. Despite the architectural and world-renowned nature of the original, the replica was now a languishing 40% vacant outdated office building. What compounded the problem was that the economy was in the throes of the Great Recession and deep-pocketed developers with the capacity to take on a redevelopment project to rehabilitate and/or repurpose a flailing building in the middle of downtown were in short supply.

The Project

After an agreement between the City and County & one (1) developer with the idea of converting the building into a boutique hotel fell through, another hotel developer with a national brand emerged.

This hotelier had a boutique product in multiple cities throughout the country. The prospects for them to locate in this NC town were nearly ideal – they liked college towns – this town had 2 major 4-year schools. They wanted it to be in a place with a strong creative culture, one where the local arts scene was prominent and vibrant. This NC city checked that box as well. Another asset was the fact that one of the universities had a well-regarded hospitality and tourism program with alumni that could be full-time employees, as well as students who could be part-time employees. All of the aspects needed to make this a successful hotel were lining up, except . . . the financials needed to redevelop an iconic, but old building. The developer presented their request to the city, and county - \$7.7M to be priced over 20 years. The economic development officials at both the City & County evaluated the request with the following things in mind:

- Both governmental entities wanted to get the building redeveloped, and this was the most promising development prospect thus far;
- Both entities saw this as a great opportunity to create jobs for local residents, including students at local colleges
- Both entities saw the opportunity for local construction companies to gain contracts

Language in the incentive agreement could help achieve these objectives.

The Assignment

1. During the Economic Development session, have each member of your learning team pick from one of the roles below:

The Actors

- The Economic Development Director: believed in the project and knows this deal may represent the last and the best chance to get the property redeveloped. Aligned with the county.
- The Dean of the Business School at the local university: Saw a great opportunity for employment and internship opportunities for students in the Retail & Hospitality Program.

- The local chapter of the Hotel Trade Association: There are a lot of hotel owners and association members around the City that did not receive cash incentives when they were being built. Why should this hotel receive an unfair advantage?
 - Political Action Committee Leader 1: Philosophically, they are against incentives and have several members of PAC who agree. In their opinion, incentives are a waste of tax-payer money and really become a waste if the hotel fails.
 - Local Arts Council Director: They thought it was a cool project, as long as there were a guarantee that local art would be included in the gallery.
 - Culinary student at local community college: Thought it would be a great opportunity to get hands on local experience and was registered in the NC Works Career Center system
2. A script will be provided onsite for each role. You are strongly encouraged to ad lib and expand on that content, bringing in additional points and even outside research as long as they support your assigned perspective. During session your group will deliberate in a mock Public Hearing at your Learning Team table, to be convened by the Mayor (to be played by a planning committee member or external resource person) and perhaps 1 City Council member, with each class member having up to 4 minutes to speak from the perspective of their defined role.
 3. At the conclusion of the Public Hearing, the Mayor and Council member (if applicable) will cast a vote on whether to approve incentives from the local government for the project.
 4. In the large group session, you will report out on what you learned through the deliberation (the nature of the various perspectives presented, how they might be familiar or unfamiliar to you based upon what happens in your community, etc.). You will also be able to ask questions about how this process works in real life.